



January 20, 2006

HOUSE BILL No. 1140

DIGEST OF HB 1140 (Updated January 18, 2006 3:43 pm - DI 103)

Citations Affected: IC 6-1.1; noncode.

Synopsis: Abatements for used Indiana equipment. Provides that certain equipment installed in an economic revitalization area or a maritime opportunity district after being used in Indiana by a person other than the tax abatement applicant is eligible for tax abatement.

Effective: January 1, 2006 (retroactive).

Leonard, Davis, Reske, Tyler

January 5, 2006, read first time and referred to Committee on Commerce, Economic Development and Small Business.

January 19, 2006, reported — Do Pass. Referred to Committee on Ways and Means pursuant to House Rule 127.

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HB 1140—LS 6038/DI 52+



January 20, 2006

Second Regular Session 114th General Assembly (2006)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2005 Regular Session of the General Assembly.

HOUSE BILL No. 1140

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-12.1-1, AS AMENDED BY P.L.216-2005,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2006 (RETROACTIVE)]: Sec. 1. For purposes of this
4 chapter:

5 (1) "Economic revitalization area" means an area which is within
6 the corporate limits of a city, town, or county which has become
7 undesirable for, or impossible of, normal development and
8 occupancy because of a lack of development, cessation of growth,
9 deterioration of improvements or character of occupancy, age,
10 obsolescence, substandard buildings, or other factors which have
11 impaired values or prevent a normal development of property or
12 use of property. The term "economic revitalization area" also
13 includes:

14 (A) any area where a facility or a group of facilities that are
15 technologically, economically, or energy obsolete are located
16 and where the obsolescence may lead to a decline in
17 employment and tax revenues; and

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- 1 (B) a residentially distressed area, except as otherwise
 2 provided in this chapter.
 3 (2) "City" means any city in this state, and "town" means any town
 4 incorporated under IC 36-5-1.
 5 (3) "New manufacturing equipment" means ~~any~~ tangible personal
 6 property ~~which~~ **that a deduction applicant:**
 7 (A) ~~was installed~~ **installs** after February 28, 1983, and on or
 8 before the approval deadline determined under section 9 of
 9 this chapter, in an area that is declared an economic
 10 revitalization area after February 28, 1983, in which a
 11 deduction for tangible personal property is allowed;
 12 (B) ~~is used~~ **uses** in the direct production, manufacture,
 13 fabrication, assembly, extraction, mining, processing, refining,
 14 or finishing of other tangible personal property, including but
 15 not limited to use to dispose of solid waste or hazardous waste
 16 by converting the solid waste or hazardous waste into energy
 17 or other useful products; ~~and~~
 18 (C) ~~was acquired by its owner~~ **acquires** for use as described in
 19 clause (B); and
 20 (D) ~~was never before~~ **used by its owner** for any purpose in
 21 Indiana **before the installation described in clause (A).**
 22 However, notwithstanding any other law, the term includes
 23 tangible personal property that is used to dispose of solid waste or
 24 hazardous waste by converting the solid waste or hazardous waste
 25 into energy or other useful products and was installed after March
 26 1, 1993, and before March 2, 1996, even if the property was
 27 installed before the area where the property is located was
 28 designated as an economic revitalization area or the statement of
 29 benefits for the property was approved by the designating body.
 30 (4) "Property" means a building or structure, but does not include
 31 land.
 32 (5) "Redevelopment" means the construction of new structures,
 33 in economic revitalization areas, either:
 34 (A) on unimproved real estate; or
 35 (B) on real estate upon which a prior existing structure is
 36 demolished to allow for a new construction.
 37 (6) "Rehabilitation" means the remodeling, repair, or betterment
 38 of property in any manner or any enlargement or extension of
 39 property.
 40 (7) "Designating body" means the following:
 41 (A) For a county that does not contain a consolidated city, the
 42 fiscal body of the county, city, or town.

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- 1 (B) For a county containing a consolidated city, the
 2 metropolitan development commission.
- 3 (8) "Deduction application" means either:
- 4 (A) the application filed in accordance with section 5 of this
 5 chapter by a property owner who desires to obtain the
 6 deduction provided by section 3 of this chapter; or
- 7 (B) the application filed in accordance with section 5.4 of this
 8 chapter by a person who desires to obtain the deduction
 9 provided by section 4.5 of this chapter.
- 10 (9) "Designation application" means an application that is filed
 11 with a designating body to assist that body in making a
 12 determination about whether a particular area should be
 13 designated as an economic revitalization area.
- 14 (10) "Hazardous waste" has the meaning set forth in
 15 IC 13-11-2-99(a). The term includes waste determined to be a
 16 hazardous waste under IC 13-22-2-3(b).
- 17 (11) "Solid waste" has the meaning set forth in IC 13-11-2-205(a).
 18 However, the term does not include dead animals or any animal
 19 solid or semisolid wastes.
- 20 (12) "New research and development equipment" means tangible
 21 personal property that:
- 22 (A) ~~is installed~~ **a deduction applicant installs** after June 30,
 23 2000, and on or before the approval deadline determined under
 24 section 9 of this chapter, in an economic revitalization area in
 25 which a deduction for tangible personal property is allowed;
- 26 (B) consists of:
- 27 (i) laboratory equipment;
- 28 (ii) research and development equipment;
- 29 (iii) computers and computer software;
- 30 (iv) telecommunications equipment; or
- 31 (v) testing equipment;
- 32 (C) ~~is used~~ **the deduction applicant uses** in research and
 33 development activities devoted directly and exclusively to
 34 experimental or laboratory research and development for new
 35 products, new uses of existing products, or improving or
 36 testing existing products; ~~and~~
- 37 (D) ~~is acquired by the property owner~~ **the deduction**
 38 **applicant acquires** for purposes described in this subdivision;
 39 ~~and was~~
- 40 (E) ~~the deduction applicant never before used by the owner~~
 41 ~~for any purpose in Indiana before the installation described~~
 42 ~~in clause (A).~~

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The term does not include equipment installed in facilities used for or in connection with efficiency surveys, management studies, consumer surveys, economic surveys, advertising or promotion, or research in connection with literacy, history, or similar projects.

(13) "New logistical distribution equipment" means tangible personal property that:

(A) ~~is installed~~ **a deduction applicant installs** after June 30, 2004, and on or before the approval deadline determined under section 9 of this chapter, in an economic revitalization area in which a deduction for tangible personal property is allowed;

(B) consists of:

- (i) racking equipment;
- (ii) scanning or coding equipment;
- (iii) separators;
- (iv) conveyors;
- (v) fork lifts or lifting equipment (including "walk behinds");
- (vi) transitional moving equipment;
- (vii) packaging equipment;
- (viii) sorting and picking equipment; or
- (ix) software for technology used in logistical distribution;

(C) ~~is used~~ **the deduction applicant uses** for the storage or distribution of goods, services, or information; and

(D) ~~before being used as described in clause (C);~~ **was the deduction applicant** never used ~~by its owner~~ for any purpose in Indiana **before the installation described in clause (A).**

(14) "New information technology equipment" means tangible personal property that:

(A) ~~is installed~~ **a deduction applicant installs** after June 30, 2004, and on or before the approval deadline determined under section 9 of this chapter, in an economic revitalization area in which a deduction for tangible personal property is allowed;

(B) consists of equipment, including software, used in the fields of:

- (i) information processing;
- (ii) office automation;
- (iii) telecommunication facilities and networks;
- (iv) informatics;
- (v) network administration;
- (vi) software development; and
- (vii) fiber optics; and

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(C) before being installed as described in clause (A); was the deduction applicant never used by its owner for any purpose in Indiana before the installation described in clause (A).

(15) "Deduction applicant" means an owner of tangible personal property who makes a deduction application.

SECTION 2. IC 6-1.1-40-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]:
Sec. 4. As used in this chapter, "new manufacturing equipment" means any tangible personal property that **an applicant for the deduction under section 11 of this chapter:**

(1) ~~is installed~~ **installs** in a district;

(2) ~~is used~~ **uses** in the direct production, manufacture, fabrication, assembly, extraction, mining, processing, refining, or finishing of other tangible personal property; ~~and~~

(3) ~~was acquired by its owner~~ **acquires** for use as described in subdivision (2); and

(4) ~~was never before used by its owner~~ for any purpose in Indiana **before the installation described in subdivision (1).**

SECTION 3. [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]

(a) IC 6-1.1-12.1-1 and IC 6-1.1-40-4, both as amended by this act, apply only to:

(1) new manufacturing equipment, new research and development equipment, new logistical distribution equipment, and new information technology equipment installed and initially used in an economic revitalization area; or

(2) new manufacturing equipment installed and initially used in a maritime opportunity district;

after December 31, 2005.

(b) It is the intent of the general assembly that the amendment of IC 6-1.1-12.1-1 and IC 6-1.1-40-4 by this act be interpreted to expand the equipment that is eligible for a deduction under IC 6-1.1-12.1 or IC 6-1.1-40 to include equipment that is ineligible for a deduction under IC 6-1.1-12.1 or IC 6-1.1-40 solely because the equipment was used in Indiana by a person other than a deduction applicant (as defined in IC 6-1.1-12.1-1(15), as added by this act) before being installed by the deduction applicant in an economic revitalization area or a maritime opportunity district.

SECTION 4. An emergency is declared for this act.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Commerce, Economic Development and Small Business, to which was referred House Bill 1140, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

BORROR, Chair

Committee Vote: yeas 8, nays 0.

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